



# CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 10, 2004

## **S. 1905**

### **Rural Teacher Housing Act of 2004**

*As ordered reported by the Senate Committee on Indian Affairs on September 29, 2004*

#### **SUMMARY**

S. 1905 would authorize the appropriation of funds for a program, beginning in fiscal year 2006, to provide housing for teachers in rural areas of Alaska located in or near native villages. The Secretary of Agriculture will provide funding to the Alaska Housing Finance Corporation, which would make grants or loans to eligible school districts.

CBO estimates that appropriation of the necessary amounts would cost \$82 million over the 2006-2010 period. Enacting S. 1905 would not affect direct spending or revenues.

S. 1905 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The bill would benefit the state of Alaska and tribal governments in the state; any costs to those governments would result from complying with conditions of federal assistance.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of S. 1905 is shown in the following table. The costs of this legislation fall within budget function 600 (income security).

	By Fiscal Year, in Millions of Dollars					
	2005	2006	2007	2008	2009	2010
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Estimated Authorization Level	0	21	22	22	23	23
Estimated Outlays	0	2	13	22	22	23

## **BASIS OF ESTIMATE**

Based on data from the Alaska Department of Education and Early Development, CBO estimates that there are approximately 3,000 teachers employed by public schools in rural areas in or near native villages. A study conducted for Alaska's Denali Commission indicates that approximately 500 new units of housing are needed to assure teacher recruitment, retention, and job satisfaction at an estimated average development cost of \$200,000. Although the program is authorized for the 10-year period beginning in 2006, CBO assumes that grants funding roughly 100 units annually would be provided for the first five years of the period. Adjusting the development costs for inflation, CBO estimates that implementing the Rural Teacher Housing Act would require the appropriation of \$111 million over the 2006-2010 period, which would result in outlays of \$82 million over that period.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

S. 1905 contains no intergovernmental or private-sector mandates as defined in UMRA. The bill would benefit the state of Alaska and tribal governments in the state; any costs to those governments would result from complying with conditions of federal assistance.

## **ESTIMATE PREPARED BY:**

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